

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 SSC-01 /106 W
-----070581 061457Z /45

R 061249Z JUL 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1225

INFO AMEMBASSY LA PAZ

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E.O. 11652: N/A

TAGS: PINR, ENRG, AR

SUBJECT: NEW ENERGY SECRETARY, IDB REPRESENTATIVE AND YPF INTER-
VERNER APPOINTED

1. ON JULY 1 THE GOA ANNOUNCED THE RESIGNATION OF SECRETARY OF ENERGY GUILLERMO ZUBARAN. ZUBARAN HAS BEEN UNDER STRONG OPPOSITION FROM MILITARY CIRCLES EVER SINCE HIS APPOINTMENT AND THEREFORE IT IS SURPRISING THAT HE LASTED AS LONG AS HE DID. ACCORDING TO PRIVATE SOURCES, ZUBARAN WAS SUSPECTED OF RECEIVING PAYMENTS UNDER THE TABLE FROM PRIVATE ARGENTINE PETROLEUM COMPANIES AND WAS GENERALLY REGARDED AS A LAZY, INEFFECTIVE ADMINISTRATOR. IN ADDITION, NATIONALIST AND STATIST ELEMENTS AMONG THE MILITARY OPPOSED HIM FOR PROMOTING POLICIES DESIGNED TO GIVE THE FOREIGN AND LOCAL PRIVATE SECTOR A GREATER ROLE IN THE DEVELOPMENT OF THE PETROLEUM INDUSTRY. ZUBARAN WILL BE APPOINTED EXECUTIVE DIRECTOR FOR ARGENTINA AND CHILE AT THE IDB, REPLACING DR. HERNAN ALDABE.

2. THE GOA HAS NAMED DANIEL BRUNELLA, 62 YEARS OLD, TO REPLACE ZUBARAN. BRUNELLA WAS SUBSECRETARY OF LIMITED OFFICIAL USE

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MINING 1957-58, SECRETARY OF INDUSTRY AND MINING 1958-59 AND HEAD OF YPF UNDER PRESIDENT ONGANIA 1966-70. BRUNELLA SERVED AS HEAD OF YPF DURING THE SAME PERIOD THAT ZUBARAN WAS SUBSECRETARY OF ENERGY AND SOURCES INDICATE THAT HE HAS THE SAME PRO-PRIVATE SECTOR ORIENTATION AS ZUBARAN. IN CONTRAST WITH ZUBARAN, HOWEVER, BRUNELLA HAS AN EXCELLENT REPUTATION AS AN

ADMINISTRATOR.

3. PRIVATE SOURCES ARE UNCERTAIN ABOUT THE PRACTICAL EFFECT OF THE CHANGES OF THE TOP GOVERNMENT OFFICIALS IN THE PETROLEUM SECTOR. THEY ARE IMPRESSED WITH THE NEW INTERVENER OF YPF, CARLOS DELFIN ROJO, WHO RECENTLY REPLACED GENERAL REYES, A STATIST WHO STAUNCHLY DEFENDED YPF AGAINST ENCROACHMENT FROM THE PRIVATE SECTOR. ROJO, A FORMER NAVAL OFFICER AND GM EXECUTIVE, HAS AN EXCELLENT REPUTATION AS AN EXECUTIVE AND REPORT-EDLY HAS A PRO-PRIVATE INVESTMENT BIAS. PRIVATE SOURCES BELIEVE, HOWEVER, THAT THE GOA WILL PROBABLY BE FORCED BY MILITARY CIRCLES TO APPOINT A STATIST AS YPF'S PRESIDENT. THEREFORE, THE TWO CONTRADICTORY ECONOMIC PHILOSOPHIES IN YPF'S LEADERSHIP MAY CONTINUE TO CREATE PROBLEMS FOR PRIVATE FIRMS, AND IN PARTICULAR FOREIGN COMPANIES. BOTH CITY SERVICES AND AMOCO ARE DISPLEASED WITH THEIR CURRENT SERVICE CONTRACTS WITH YPF AND ARE UNWILLING TO INVEST ANY MORE FOR PRODUCTION UNTIL YPF AGREES TO PAY THEM FOR THEIR SERVICES IN ACCORDANCE WITH THE TERMS OF THEIR ORIGINAL CONTRACT. THEY ALSO POINT OUT THAT, DESPITE THE GOA'S STATED POLICY, YPF HAS BEEN SUCCESSFUL THUS FAR IN BLOCKING ANY EXPANSION OF THE AREAS GIVEN TO THEM FOR PRODUCTION UNDER SERVICE CONTRACTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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